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SUBJ: CAN ALGERIA EDUCATE ITS MASSES TO MANAGE ECONOMY?

REFS: ALGIERS 2454; ALGIERS 2759

SUMMARY. ALGERIA'S ECONOMIC DEVELOPMENT WILL NEED LARGE SUPPLY OF CAPABLE TECHNICAL AND MANAGEMENT PERSONNEL. ALGERIA HAS PRIORITY PROGRAM TO EDUCATE RAPIDLY GROWING POPULATION, BUT QUESTION REMAINS WHETHER IN FIVE YEARS IT CAN CREATE NEEDED HIGHLY-TRAINED MANPOWER. US UNIVERSITIES HAVE CONTRACTS TO PREPARE STUDY PROGRAMS, BUT THERE IS ROOM FOR USG MANAGERIAL ASSISTANCE. SINCE ECONOMIC DEVELOPMENT DEPENDS ON TRAINING, EMBASSY REQUESTS ASSISTANCE IN DETERMINING WHETHER SO MANY CAN REALLY BE TRAINED SO FAST. END SUMMARY.

1. ALGERIA' POPULATION HAS GROWN FROM 11.8 MILLION PEOPLE IN 1966 TO ABOUT 15 MILLION TODAY. ITS LIMITED OFFICIAL USE

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POPULATION GROWTH RATE OF 3.36 PERCENT IS AMONG HIGHEST

IN WORLD. 54.4 PERCENT OF POPULATION IS UNDER EIGHTEEN YEARS OLD. IN 1973, THERE WERE 3.4 MILLION CHILDREN OF SCHOOL AGE AND IN 1977 THERE WILL BE 4.2 MILLION.

2. IN 1970, ESTIMATED RATE OF LITERACY WAS ONLY 25 PERCENT. THIS WILL CHANGE RAPIDLY AS SOME THREE MILLION ALGERIAN CHILDREN REPRESENTING SEVENTY PERCENT OF SCHOOL-AGED CHILDREN WERE ENROLLED IN SCHOOL THIS SEPTEMBER. DRIVE TOWARD UNIVERSAL EDUCATION HAS BEEN A MAJOR EFFORT AND THE ALGERIANS ARE JUSTLY PROUD OF IT. HOWEVER, THESE HIGH FIGURES ARE ARRIVED AT WITH A SACRIFICE OF SCHOLARSHIP. FACILITIES AND TEACHERS ARE IN PAINFULLY SHORT SUPPLY AND MANY SCHOOLS ARE ON TRIPLE SHIFTS.

3 THE THREE MILLION STUDENT FIGURE IS IN ITSELF MISLEADING SINCE OFFICIAL STATISTICS ALSO INDICATE THAT IN 1974 ONLY 230 THOUSAND STUDENTS PASSED THE EXAM FROM PRIMARY TO MIDDLE SCHOOL, 102 THOUSAND FROM MIDDLE TO HIGH SCHOOL AND ONLY 29 THOUSAND RECEIVED BACCALAUREATE. IN FACT, THEREFORE, UP TO NOW ONLY A RELATIVELY SMALL NUMBER OF ALGERIANS ARE BEING EDUCATED TO BECOME TECHNICIANS AND MANAGERS OF THIS RAPIDLY EXPANDING ECONOMY AND EVEN THESE FEW MAY BE HURRIEDLY TRAINED.

4. CONVERSATIONS WITH EXPATRIATE BUSINESSMEN IN SEVERAL OPERATING BUSINESS COMPLEXES HERE CAST FURTHER DOUBT ON ABILITY OF ALGERIA'S CADRE TO BECOME PLANT MANAGERS. AT CAMEL LIQUIFICATION PLANT, DUTCH MANAGER, THOUGH VERY CAREFUL, WAS LESS THAN ENTHUSIASTIC ABOUT LACK OF ALGERIAN WORK ETHIC AND RELUCTANCE OF UNIVERSITY GRADUATES TO GET THEIR HANDS DIRTY. HE ALSO HAD TO FIGHT AGAINST TOO MANY TRAINEES BEING GIVEN HIM BY SONATRACH FOR TRAINING IN LNG PLANT OPERATIONS. DRAVO IN SOUTH HAS MADE SIMILAR COMMENTS ABOUT EDUCATED ALGERIANS' DISTASTE FOR WORKING AWAY FROM URBAN CENTERS. HOW WILL GOA STAFF NEW FACTORIES WHICH ARE BEING BUILT IN RURAL AREAS TO PREVENT OVERCROWDING OF CITIES? FINALLY, GTE RECENTLY TESTED SOME 95 "SUPERIOR" HIGH SCHOOL STUDENTS SELECTED BY SONELEC. ONLY 18 PASSED GTE'S MULTIPLE CHOICE TEST IN FRENCH FOR ENTRY INTO ITS TRAINING PROGRAM AND ALL DID VERY POORLY ON THE ENGLISH LIMITED OFFICIAL USE

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LANGUAGE APTITUDE TEST.

5. SIMILAR RESULTS ARE PROBABLY TO BE EXPECTED IN ANY LDC, AND ALGERIA'S PLANS TO PUT 2.5 BILLION DOLLARS INTO EDUCATION IN ADDITION TO ABOUT TEN PERCENT OF INDUSTRIAL INVESTMENT PROGRAM OR ABOUT 1.2 BILLION DOLLARS INTO TECHNICAL TRAINING WILL NARROW THE EDUCATION GAP. HOWEVER, ALGERIA'S DEVELOPMENT PLANS PUT SPECIAL BURDENS ON ITS

MANAGERS. ALGERIAN DEVELOPMENT AMBITIONS ARE STAGGERING. WITH SOME 850 NEW INDUSTRIAL PROJECTS, THEY ARE PROJECTING A FIFTY PERCENT INCREASE IN GDP OVER NEXT FOUR YEARS. THIS IS GOING TO STRETCH THEIR EDUCATED MANPOWER RESOURCES PAPER THIN. SECOND, THEY ARE INDUSTRIALIZING BY STATE INVESTMENT AND ARE TAKING THE SUPPOSEDLY EASY ROUTE OF BUILDING FEWER BUT VERY LARGE PLANTS. THESE HUGE PLANTS ARE DESIGNED WITH LATEST TECHNOLOGY. GTE ELECTRONICS PLANT, FOR EXAMPLE, WILL BE GTE'S SECOND LARGEST PLANT IN WORLD WITH CAPACITY TO PRODUCE SOME TEN THOUSAND COMPONENT PARTS UNDER ONE ROOF. SUCH PLANNING REDUCES TOTAL NUMBER OF TECHNICIANS AND MANAGERS REQUIRED, BUT IT GREATLY INCREASES DEMANDS ON THESE MEN. GTE REPS HAVE TOLD ALGERIANS THAT THEY THEMSELVES WOULD NOT WANT TO MANAGE PLANT OF SIZE THEY ARE BUILDING, BUT TO NO AVAIL. FOR ANOTHER EXAMPLE OF MANAGEMENT PROBLEMS IN RUNNING MODERN TECHNICAL PLANT IN ALGERIA, SEE ORAN A-37 (ARZEW AMMONIUM PLANT).

6. MANAGEMENT OF ALGERIA'S ECONOMY IS ALREADY SHOWING SIGNS OF OVER-CENTRALIZATION. PORTS ARE BLOCKED PRIMARILY BECAUSE OF ADMINISTRATIVE DELAYS AND LACK OF WAREHOUSE SPACE TO STORE LARGE ONCE OR TWICE A YEAR ORDERS BY STATE MONOPOLIES. OUR EXPERIENCE IN SHIPPING GRAIN TO THE SAHEL SHOWED TIME AND AGAIN LACK OF COORDINATION BETWEEN STATE AGENCIES, OVERWORK OF A FEW COMPETENT OFFICIALS, SHORTAGE OF MIDDLEMEN TO MAKE THINGS WORK AND FEAR OF ASSUMING RESPONSIBILITY. STATE CONTROL OF ALL SIGNIFICANT PRODUCTION AND SERVICES OF COUNTRY HAS INCREASED NEED FOR A SENIOR, EDUCATED GROUP OF MANAGERS.

7. IN ADDITION TO NATIONAL EDUCATION PLANS, WHICH LIMITED OFFICIAL USE

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ALGERIANS ARE PUSHING WITH GREAT RESOLVE, THEY ALSO INTEND TO TRAIN MANPOWER ABROAD. USUALLY, LARGE TURN-KEY FACTORY PROJECTS HAVE SUBSTANTIAL TRAINING PROJECTS ATTACHED TO THEM. GTE, FOR EXAMPLE, IS SUPPOSED TO TRAIN 211 STUDENTS IN US AT COST OF SOME 23 MILLION DOLLARS. CALCUSEARCH HAS CONTRACTED TO OVERSEE TRAINING OF 300 STUDENTS IN MECHANICAL ENGINEERING FIELD IN US. ALGERIAN AUTOMOTIVE PROJECT IS SAID TO INCLUDE SOME 25 MILLION DOLLARS FOR STUDIES ABROAD.

8. WITHIN ALGERIA ITSELF, MINISTRY OF INDUSTRY AND ENERGY HAS CONTRACTED FOR FOREIGN ASSISTANCE IN CREATING TECHNICAL TRAINING PROGRAMS AND NEW INSTITUTIONS TO TRAIN MANY THOUSANDS OF STUDENTS (SEE REFTEL. THESE INSTITUTIONS WILL HELP MEET BURGEONING DEMAND FOR

QUALIFIED MANPOWER TO MANAGE ALGERIA'S RAPIDLY INDUSTRIALIZING ECONOMY. HOWEVER, EVEN WITH HUGE SUMS OF MONEY AND CAREFULLY DEVELOPED PROGRAMS, QUESTION REMAINS WHETHER IT IS POSSIBLE TO TRAIN ENOUGH MANPOWER IN FIVE YEARS, AS WILL HAVE TO HAPPEN, TO RUN SOME OF THESE NEW PLANTS. THE EMBASSY BELIEVES THIS IS A CRITICAL QUESTION IN ASSESSING ECONOMIC FUTURE OF ALGERIA. THE EMBASSY ALSO BELIEVES THAT US HAS A ROLE TO PLAY IN THIS FIELD. BY HELPING TRAIN ALGERIANS WE NOT ONLY ASSIST THEIR DEVELOPMENT, BUT ALSO CREATE A KEY GROUP IN THIS COUNTRY WHO WILL LOOK TO THE UNITED STATES FOR FUTURE PURCHASES.

9. THIS RAISES TWO IMPORTANT QUESTIONS. FIRST, HOW FAST CAN ALGERIA EDUCATE ITSELF? THE EMBASSY WISHES TO SOLICIT DEPARTMENT HELP AND EXPERTISE IN ANSWERING THIS QUESTION WHICH IS CRUCIAL TO ECONOMIC FORECASTS OF ALGERIA. SECOND, HOW CAN USG BEST ASSIST, NOT FINANCIALLY BUT WITH MANAGEMENT, THE ALGERIAN SELF-EDUCATION PROGRAM?BARR

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